

RESOLUTION NO. 74768

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSÉ AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE AN AGREEMENT BETWEEN EHC LIFEBUILDERS AND ITS CREDITORS AND OTHER RELATED ACTIONS

WHEREAS, EHC Lifebuilders (“EHC”) is the largest provider of homeless shelter and services in Santa Clara County; and

WHEREAS, in September 2007, EHC announced that the organization would be restructuring its operations to stabilize its financial standing, and has taken considerable steps to improve its financial processes and procedures; and

WHEREAS, as part of its financial restructuring plan, EHC has evaluated its real estate holdings, and must sell some of its properties in order to reduce debt and allow EHC to focus on its core service, providing temporary shelter and services to the homeless; and

WHEREAS, the financial restructuring process has resulted in the creation of a draft Forbearance and Release Agreement between EHC and its creditors, this document is the creditors’ binding agreement that they will not foreclose on its loans with EHC, provided that certain obligations are met by EHC and its partners; and

WHEREAS, staff recommends that the City Council authorize the Director of Housing to take various actions to enable the financial restructuring of EHC;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSÉ THAT:

1. The Director of Housing is hereby authorized to negotiate and execute a Forbearance and Release Agreement between EHC Lifebuilders, Comerica

Bank, the County of Santa Clara, and the City of San José in order to facilitate the sale of the identified EHC properties, as more specifically set forth in the Director of Housing's report dated November 24, 2008.

2. The Director of Housing is hereby authorized to negotiate and execute a conditional grant agreement with Mid-Peninsula Housing Corporation in an amount not to exceed \$1.4 million for the transfer of existing affordability restrictions at EHC's Gifford Avenue, 5th Street, and East Younger Avenue properties to Mid-Peninsula's Country Hills property, located at 124 Ranch Drive, to be paid from the proceeds of the sale of property, as more specifically set forth in the Director of Housing's report dated November 24, 2008.
3. The Relocation Impact Statement and Last Resort Housing Plan for EHC's Markham Terrace property at 2112 Monterey Road, as more specifically set forth in the Director of Housing's report dated November 24, 2008, is hereby approved.
4. The Relocation Impact Statement and Last Resort Housing Plan for EHC's properties at Gifford Avenue, 5th Street, and East Younger Avenue, as more specifically set forth in the Director of Housing's report dated November 24, 2008, is hereby approved.
5. The Director of Housing is hereby authorized to expend up to \$2.1 million for the relocation of tenants at the Markham Terrace site, as more specifically set forth in the Director of Housing's report dated November 24, 2008.
6. The Director of Housing is hereby authorized to expend up to \$400,000 in short-term operational assistance to replace the loss of rental income at Markham Terrace during tenant relocation, as more specifically set forth in the Director of Housing's report dated November 24, 2008.

7. The Director of Housing is hereby authorized to negotiate and execute an amendment to the existing agreement with Associated Right of Way Relocation consultants by \$450,000, from \$129,000 to \$579,000 to implement the EHC relocation plans, as more specifically set forth in the Director of Housing's report dated November 24, 2008.
8. The Director of Housing is hereby authorized to negotiate and execute a \$500,000 predevelopment loan to Charities Housing Development Corp., or its designated affiliate, for the redevelopment of the Markham Terrace site, as more specifically set forth in the Director of Housing's report dated November 24, 2008.

ADOPTED this 27th day of January, 2008, by the following vote:

AYES:	CAMPOS, CHIRCO, CHU, CONSTANT, HERRERA, KALRA, NGUYEN, OLIVERIO, PYLE; REED.
NOES:	NONE.
ABSENT:	NONE.
DISQUALIFIED:	LICCARDO.

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk